

## FAST FACTS

- ◆ If you have never had credit, start building a good record now.
- ◆ If you have had credit before under a different name or a different location, make sure your local credit bureaus have complete and accurate information about you in a file under your current name.
- ◆ If you were married or divorced recently and changed your name, ask your creditors to change your name on your accounts.
- ◆ If you have shared accounts with your husband, creditors should be reporting information about these accounts to credit bureaus under both names, but check with the credit bureaus to make sure.

*Mrs. Becker had been using her husband's department store charge card for several years. The charges were billed to her husband, but she took responsibility for paying the bills on time. Recently, she applied for her own credit card from the store and her application was denied. The reason? The store had no record of her bill-paying history on her husband's account.*

*Louise Martin changed her name when she got divorced. Although she had several successful credit accounts in her married name, her applications for credit in her maiden name were repeatedly denied. Creditors told her: "We cannot find a record of your credit history under the name you gave on your application form."*

*Bess Fenton, a young single woman, recently moved to the West Coast to start a new job. She applied for her first credit card with a national oil company, but since she had no record with the local credit bureau, her application was denied. Her question: "If it takes credit to get credit, how do I begin?"*

You may have faced similar problems when you have applied for credit. Each year, many women are denied credit because they cannot show how they have used it. A good credit history is the way most companies predict your future success using credit. The record of your payment on credit cards, charge accounts, installment loans, and other credit accounts is how you get a "track record." It gives a creditor evidence that you are a good credit risk.

## KNOW YOUR RIGHTS UNDER THE LAW

Two federal laws give you specific rights that help protect your credit history and make it easier for you to obtain credit:

**Equal Credit Opportunity Act (ECOA)** prohibits a creditor from discriminating against you on the basis of sex or marital status in any aspect of a credit transaction. The ECOA also forbids discrimination on the basis of your race, color, age, national origin,

religion, because you receive public assistance payments, or because you exercised rights under the federal consumer credit protection laws.

**Fair Credit Reporting Act (FCRA)** protects consumer privacy and safeguards the accuracy of credit bureau reports.

## ASK THE CREDIT BUREAU TO HELP

Credit bureaus gather and sell credit information about consumers and are a principal source of information about your credit history. Creditors usually rely on credit bureau reports before issuing a line of credit. So it makes sense to ask your local credit bureaus for your report. You can find them listed in the telephone Yellow Pages under "Credit Bureaus" or "Credit Reporting Agencies." The bureaus will report whatever they have on file, which might include what kinds of credit accounts you have, how punctually you pay your bills, and whether you have ever filed for bankruptcy or were sued. The report may include other credit references that you can use in new credit applications to give a more complete picture of your financial situation. See our Brochure on Fair Credit Reporting.

Some credit references may not appear in your file simply because the creditor may not report the information to the credit bureaus. Credit bureaus obtain most of their information from those creditors who send them monthly reports. Some creditors only report delinquent accounts; accounts with good payment histories may go unreported. Most major national credit card companies report their accounts to credit bureaus, but many local creditors do not.

## FILL AN EMPTY CREDIT FILE

If creditors have failed to supply information to your credit file, or if you have never had credit in your own name, a "no file" report can cause your application to be rejected.

For example, if you become separated, divorced, or widowed, or simply want credit in your own name, a credit bureau may report "no file" exists for you. You might have a great credit history, but all in your husband's name. You may have the same problem when you marry and change your name. Old accounts held in your maiden name may not automatically be transferred to a file listed under your married name. For all practical purposes your credit history is lost.

Therefore, it is important to check with the credit bureau after a name change to ensure that old account information has transferred to a file under your new name.

For your own protection you should learn how to prevent credit history "evaporation." There are steps you can take to fill an empty

file with your past credit history or to build the file with new information.

## KINDS OF ACCOUNTS

To ensure that you are protected should you become separated, divorced, or widowed, find out now what kind of credit accounts you have. You can either check the application(s) or ask your creditor(s).

There are two basic kinds of credit accounts.

1. **An individual account.** When you apply for an individual account, only your own income, assets, and credit history are considered by the creditor. Whether married or single, you alone are responsible for paying off the debt on this account. The account will appear on the individual's credit report.
2. **A joint account.** The income, financial assets, and credit history of both spouses are taken into consideration for a joint account. No matter who actually handles the household bills, both spouses are responsible for seeing that all debts are paid. A creditor who reports the credit history of a joint account to credit bureaus must report it in both names.

If you are separating from or divorcing your spouse, you should immediately cancel your joint credit card account(s). While any account balance remains your mutual responsibility, canceling the account(s) will prevent further use or abuse of the card(s) that, if left unpaid, could damage both of your credit reports.

Under the ECOA, a creditor cannot automatically close or change the terms of a joint credit card account solely because of the death of your spouse. However, in some instances a creditor may ask you to update your application or reapply. This can happen if the account was initially granted based on all or part of your spouse's income and if the creditor has reason to suspect your income is inadequate to support the credit line.

## BUILD YOUR CREDIT FILE

If you have never had credit, start building a good record now. A local bank or department store may approve your credit application even if you do not meet the standards of large creditors. But do not apply for too many accounts at one time. Credit bureaus keep a record of each creditor who inquires about you. Some creditors may deny your application if they think you are trying to open too many accounts and may exceed your ability to pay them.

If you have had credit before under a different name or in a different location, make sure your local credit bureau has complete and accurate information about you in a file under your current name.

Most cities have two or three bureaus. Call each bureau to find out if they have a file on you. They may charge a small fee for checking your file.

If you are married, know that you have the right to apply for a credit account in your own name based on your own financial qualifications.

If you were married or divorced recently and changed your name, ask your creditors to change your name on your accounts. Once you verify that these accounts are in your new name, your complete credit history should be reported correctly to the credit bureau.

### **GIVE YOUR BEST CREDIT REFERENCES**

List your best credit accounts, open and closed, on any credit application including accounts you shared with your husband or former husband.

Also ask the creditor to consider the credit history of accounts that are reported in your husband's or former husband's name only. The creditor must consider this information if you can show it reflects your ability to manage credit. For example, you may be able to show through cancelled checks that you made payments on an account, even though it is listed in your husband's or former husband's name only.

Offer to assist the creditor in providing verification of your credit references when an account history does not appear in a credit bureau report. If you can show a credit history applied to you, even though it was in your husband's or former husband's name, the creditor must consider it. Be aware, however, that if your husband's credit history on a shared account was bad, the company will consider that credit history yours as well. If any previous history was unfavorable but does not accurately reflect your creditworthiness, explain this to the creditor.

### **CREDIT HISTORY FOR MARRIED PEOPLE**

The ECOA states that when creditors report histories to credit bureaus or to other creditors, they must report information on accounts shared by married couples in both names.

### **ASK QUESTIONS IF YOUR APPLICATION IS DENIED**

The ECOA gives you the right to know the specific reasons for denial if you receive a notice that your credit application was denied. If the denial was based on a credit report, you are entitled to know the specific information in the credit report that led to the denial. After you receive this information from the creditor, you should visit

or telephone the local credit bureau to find out what information was reported. The bureau cannot charge for disclosure if you ask to see your file within 30 days of being notified of a denial based on a credit report. You may ask the bureau to investigate any inaccurate or incomplete information and correct its records.

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The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

- Answers to Credit Problems
- Applying for Credit
- At Home Shopping Rights
- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?



Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.

# **WOMEN AND CREDIT HISTORIES**



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